Computation of Net-worth

As you are aware, under the Payment and Settlement Systems Act, 2007 (PSS Act) an entity operating a payment system within the country has to obtain authorisation from the Reserve Bank of India. The Reserve Bank has from time to time issued guidelines in respect of the eligibility criteria for authorisation of Payment System Operators, including PPI issuers, overseas principals for Money Transfer Service Scheme, card network operators, etc. These entities have to inter alia, comply with the requirements of minimum paid-up capital and net-worth, as applicable.

2. In order to have uniformity and clarity in respect of the computation of net-worth for an entity authorised under the PSS Act, it is advised that ‘Net-worth’ will consist of ‘paid up equity capital, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of assets but not reserves created by revaluation of assets’ adjusted for ‘accumulated loss balance, book value of intangible assets and Deferred Revenue Expenditure, if any’. This definition would apply for the purpose of all approvals under the PSS Act.

Yours faithfully,

Sd/-
(Nanda S. Dave)
Chief General Manager